



ARIZONA DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT OFFICE

TECHNICAL BULLETIN No. 006

TITLE **Contract Administration**
REVISION **Number 3**
DATE **February 2, 2015**

I. Authority

- A. Applicable Statute
- A.R.S. § 41-2511 Authority of the director
 - A.R.S. § 41-2512 Delegation of authority or functions by the director
 - A.R.S. § 41-2552 Change order
- B. Applicable Administrative Code
- A.A.C. R2-7-201 State Procurement Officer: Duties and Qualifications
 - A.A.C. R2-7-202 Delegation of Procurement Authority to State Governmental Units
 - A.A.C. R2-7-603 Change of Name
 - A.A.C. R2-7-604 Contract Change Orders and Amendments

II. Definitions

- A. Change Order. A written order that is signed by a procurement officer and that directs the contractor to make changes that the changes clause of the contract authorizes the procurement officer to order. [Source: A.R.S. § 41-2503]
- B. Contract Administration. Following the award of a contract, the management actions that must be taken to assure full compliance with all of the terms and conditions contained within the contract document, including price. Action steps that assure that the contractor is in full compliance with the entire contract. Contract administration activities include payment, monitoring of progress, inspection and acceptance, quality assurance, monitoring and surveillance, modifications, negotiations, contract closeout, and other activities. [Source: NIGP Dictionary]
- C. Contract Administration Team. A cross-functional team comprised of such members as the procurement contracting officer, subject matter expert, IT, engineering, legal advisers, price and cost analysts, quality assurance specialists, contracting officer's representative who all offer their expertise to the contract. Such a team is generally used on complex projects. This team may also assist in resolving conflict that arises during the contract performance. [Source: NIGP Dictionary]
- D. Contract Amendment. A written modification of a contract under A.R.S. § 41-2503(8) or a unilateral exercise of a right contained in the contract. [Source: A.A.C. R2-7-101]

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- E. **Contract Modification**. Any written alteration in the terms and conditions of any contract accomplished by mutual action of the parties to the contract. [Source: A.R.S. § 41-2503]
- F. **Procurement Officer**. Any person duly authorized to enter into and administer contracts and make written determinations with respect to the contracts. Includes an authorized representative (POR) acting within the limits of the authorized representative's authority. [Source: A.R.S. § 41-2503]

III. Policy

- A. Contract administration requires that all parties clearly understand the contract, cooperate and act in good faith and maintain mutual confidence and respect. The specific nature, extent and effort required to administer the contract depends on the requirements, complexity, value and importance of the contract. Simple contracts for delivery of off-the-shelf products may require minimal administration. Complex contracts may require full-time monitoring and administration. The level of effort and roles and responsibilities in administering each contract should be clearly understood by all parties before performance begins.
- B. Contract administration is a team activity, involving the contractor and the procurement officer, and a procurement officer's representative if a representative has been assigned.
- C. For complex contracts that require a high level of administration, the agency chief procurement officer should issue a delegation of authority to the procurement officer's representative to administer the contract. Delegations shall be in writing and shall identify the contract, customer agency, procurement officer's representative, terms and duties being delegated.
 - 1. A contract administration team may be designated for contracts involving multiple customer agencies with one team member being designated as the procurement officer.
 - 2. The procurement officer may sub-delegate certain tasks to other individuals, including receiving and accepting deliverables, reviewing and authorization of invoices for payment and the conducting of periodic progress meetings. Authorized representatives shall notify the agency chief procurement officer of any sub-delegated tasks.
- D. The agency chief procurement officer or their designee may delegate to an authorized representative such authority as is necessary to represent the State in the management of the contract, except neither the agency chief procurement office nor the designee may delegate the following duties or authority:
 - 1. Enter into supplemental agreements for services or materials not clearly defined in the contract, issue changes, or suspensions.
 - 2. Interpret the contract to add or delete requirements that are not specifically identified and priced in the contract;
 - 3. Modify any terms of the contract including change orders, contract modifications and contract amendments;

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4. Terminate the contract or issue demand for assurances;
5. Make assignments; or
6. Commit the State in any matter, except as specifically authorized.

IV. Effective

This Technical Bulletin is hereby authorized and effective this 2nd day of February 2015, unless otherwise revised or repealed.



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